



Energy Procurement

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May 5, 2017

Michele Kito
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Comments of Pacific Gas and Electric Company on the Division of Water and Audits' 3rd Quarter 2016 Audit Memorandum dated April 21, 2017

Dear Ms. Kito:

Pacific Gas and Electric Company ("PG&E") appreciates the opportunity to comment on the California Public Utilities Commission ("Commission") Division of Water and Audits' memorandum ("Audit Memo") dated April 21, 2017, concerning the audit of PG&E's third quarter 2016 Quarterly Compliance Report ("QCR"). PG&E received a copy of the Audit Memo on May 2, 2017.

Provided below are the Audit Memo Findings and PG&E's Rebuttal. Consistent with PG&E's approved Bundled Procurement Plan ("BPP"), as authorized in D.12-01-033 and D.12-04-046, PG&E requests that a link to these comments be posted on the Commission website with the Audit Memo.¹

Audit Memo Finding:

PG&E failed to demonstrate compliance with Decision (D.) 02-12-074, Ordering Paragraph (OP) 24(b). PG&E did not ensure that its two employees who transferred to Energy Procurement (EP) department during the third quarter of 2016 (Q3) completed their Code of Conduct (COC) training within an appropriate timeframe.

Recommendations: PG&E should enforce its mandatory COC training for all its new and transferred EP employees within an appropriate timeframe.

Criteria: In D. 02-12-074, OP 24(b), the Commission requires that each utility must adopt, actively monitor, and enforce compliance with a comprehensive code of conduct for all employees engaged in the utility's energy procurement process. It is a good management practice for an employee to sign COC agreement within two weeks of starting employment in PG&E's EP department. If any EP employees sign COC agreement outside of this two-week timeframe, PG&E's internal control risk in its EP department can increase significantly because the EP employees may violate PG&E's COC rules without reviewing and understanding these rules.

¹ PG&E will provide a link to these comments when the Audit Memo has been posted to the Commission's website.

PG&E's Rebuttal:

PG&E would like to correct the UAFCB Audit Memo response date. PG&E responded to UAFCB on December 15, 2016 and not on December 15, 2017.

In its response, PG&E stated that there were two employees that did not complete the Code of Conduct training within the 14-day time period for Q3 2016. PG&E appreciates the opportunity to clarify this for the record.

The employees listed as part of the audit finding were employees who transferred into Energy Policy and Procurement (EPP) from other groups in the company and had an understanding of PG&E's Code of Conduct policy. As part of PG&E's Corporate Governance, all employees are required to complete the mandatory Code of Conduct training on an annual basis and are held responsible for understanding and complying with the standard expectations for employee conduct. PG&E believes that the risk of violating the Code of Conduct rule is diminished since both employees were in compliance with the annual Code of Conduct training requirements and adhere to PG&E's Code of Conduct standards.

As PG&E stated in its response on December 15, 2016, Energy Compliance and Reporting (ECR) has recently implemented a process to improve the timeliness of the Code of Conduct training which includes: (1) comparison of the master organizational chart in SAP on a weekly basis; (2) bi-weekly reporting from the administrative assistants of new or transferring employees; and (3) a standardized email that is sent to new and transferred employees which includes a list of the mandatory and required trainings for all EPP employees. Furthermore, to ensure that all EPP employees are in compliance with the Code of Conduct training, ECR training leads receive the weekly Code of Conduct participation report provided by PG&E's Learning Academy.

PG&E will continue to enforce its mandatory COC training in a timely manner for all employees within EPP.

Very truly yours,



Kelly Everidge

Director

Energy Compliance and Reporting Department

cc: Charles Middlekauff, Law Department
Shilpa Ramaiya, CPUC Electric Proceedings
Leslie Almond, CPUC Electric Proceedings
Marianne Cocard-Aikawa, Energy Compliance and Reporting
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